

Kampo

**Outline of Financial Results for
the Six Months Ended September 30, 2018**

November 14, 2018



JAPAN POST INSURANCE

Summary of Financial Results

	6months Ended Sep-18	Year on Year	
Net income	¥ 68.7bn	+ 34.1%	➤ Net income was ¥68.7 billion (a 34.1% increase year on year).
Annualized premiums from New policies	(Individual Insurance) ¥ 184.5bn	(11.7) %	➤ Annualized premiums from new policies for individual insurance were ¥184.5 billion, a 11.7% decrease year on year, mainly due to shifting to protection-type products.
	(Medical Care) ¥ 33.0bn	+ 18.5%	➤ Annualized premiums from new policies for medical care were ¥33.0 billion, a 18.5% increase year on year.
Annualized premiums from Policies in Force	(Individual Insurance) ¥ 4,783.3bn	(1.6) %	➤ Annualized premiums from policies in force for individual insurance were ¥4,783.3 billion, a 1.6% decrease from the end of the previous fiscal year.
	(Medical Care) ¥ 755.5bn	+ 0.6%	➤ Annualized premiums from policies in force for medical care were ¥755.5 billion, a 0.6% increase from the end of the previous fiscal year.
Return Seeking Assets	¥10,177.5bn	+ 7.7%	➤ Under the continued historically low interest rate environment, we increased investments in return seeking assets (foreign securities and domestic stocks, etc.) to ¥10,177.5 billion (13.6% of total assets), a 7.7 % increase from the end of the previous fiscal year.
EV	(EV) ¥3,975.8bn	+ 6.2%	➤ Embedded value (EV) was ¥ 3,975.8 billion, a 6.2% increase from the end of previous fiscal year.
	(Value of new business) ¥131.5bn	+ 28.6%	➤ The value of new business increased 28.6% year on year to ¥ 131.5 billion..

Financial Highlights

Financial Highlights

(¥bn)

	6 months ended Sep-17	6 months ended Sep-18	Year on year
Ordinary income	4,054.8	3,898.3	(3.9) %
Ordinary profit	168.8	161.6	(4.3) %
Net income ¹	51.2	68.7	+ 34.1 %

Net income per share
¥ 114.60

(¥bn)

	Mar-18	Sep-18	Change
Total assets	76,831.2	74,763.9	(2.7) %
Net assets	2,003.1	2,034.1	+ 1.5 %
Total shareholders' equity	1,595.4	1,623.3	+ 1.8 %

1. Net income attributable to Japan Post Insurance

Revisions to the Full-year Consolidated Financial Results Forecast

(¥bn)

Year ending Mar-19 (Full-year forecasts)	Progress	Year ending Mar-19 (Revised forecast)
7,580.0	51.4 %	7,660.0
220.0	73.5 %	260.0
88.0	78.1 %	111.0

Net income per share
¥ 146.71

Net income per share
¥ 185.06

- The full-year consolidated financial results forecast was revised upward as business performance in the first half, especially investment income, is trending favorably.
- Forecast for dividends per share for the fiscal year ending March 31, 2019 was revised to ¥72 per share including an additional ¥4 for special dividends, based on the revisions to the full-year consolidated financial results forecast (See page 13).

Overview of Consolidated Financial Statements

Statement of Income

	6 months ended Sep-17	6 months ended Sep-18	Change	(Reference) Year ended Mar-18
Ordinary income	4,054.8	3,898.3	(156.5)	7,952.9
Insurance premiums and others	2,203.5	2,040.4	(163.1)	4,236.4
Investment income	640.9	618.0	(22.9)	1,284.5
Reversal of policy reserves	1,184.1	1,213.4	29.3	2,397.9
Ordinary expenses	3,885.9	3,736.7	(149.2)	7,643.7
Insurance claims and others	3,525.7	3,356.2	(169.5)	6,890.0
Investment expenses	34.3	65.4	31.0	106.0
Operating expenses	266.0	257.0	(9.0)	533.4
Ordinary profit	168.8	161.6	(7.2)	309.2
Extraordinary gains and losses	(27.9)	(2.0)	25.9	(44.3)
Provision for reserve for policyholder dividends	68.8	63.4	(5.3)	117.7
Income before income taxes	72.0	96.0	24.0	147.1
Total income taxes	20.7	27.3	6.5	42.6
Net income attributable to Japan Post Insurance	51.2	68.7	17.4	104.4

(¥bn)

Balance Sheets

	Mar-18	Sep-18	Change
Total Assets	76,831.2	74,763.9	(2,067.3)
Cash and deposits	898.5	1,016.8	118.2
Money held in trust	2,814.8	3,022.0	207.2
Securities	60,130.9	58,869.0	(1,261.8)
Loans	7,627.1	7,180.7	(446.3)
Fixed assets	264.1	267.0	2.9
Deferred tax assets	954.0	999.8	45.7
Total Liabilities	74,828.1	72,729.7	(2,098.3)
Policy reserves	67,777.2	66,563.8	(1,213.4)
Reserve for price fluctuations	916.7	918.6	1.9
Net assets	2,003.1	2,034.1	31.0
Total shareholders' equity	1,595.4	1,623.3	27.9
Total accumulated other comprehensive income	407.7	410.7	3.0

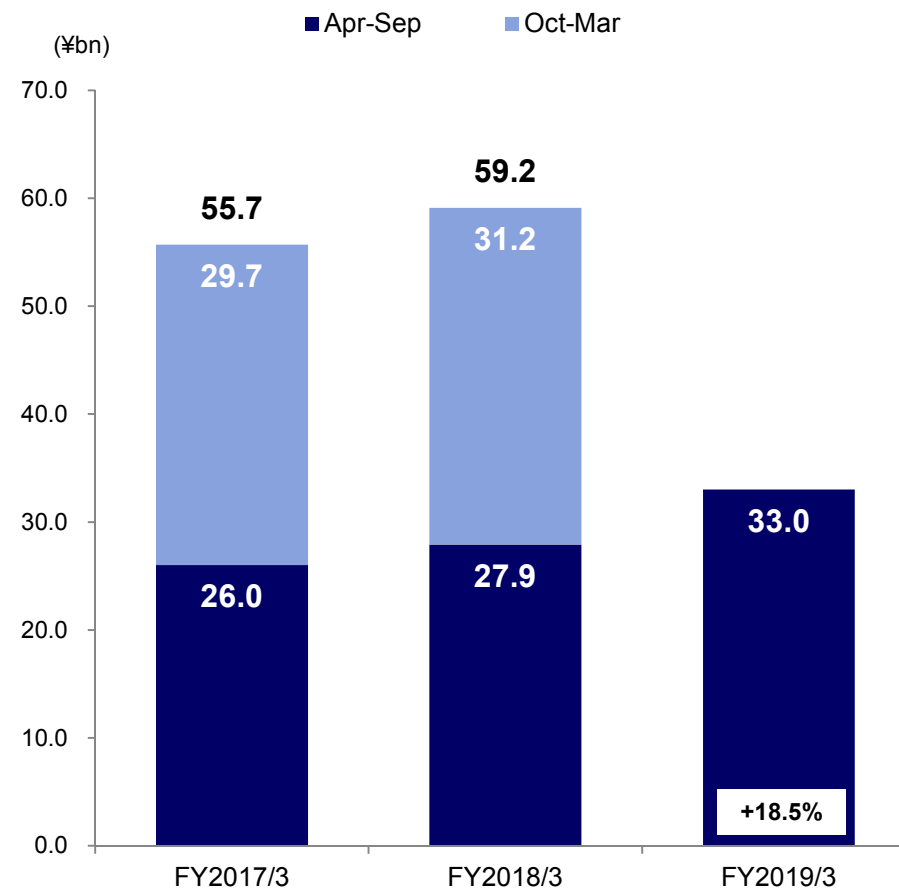
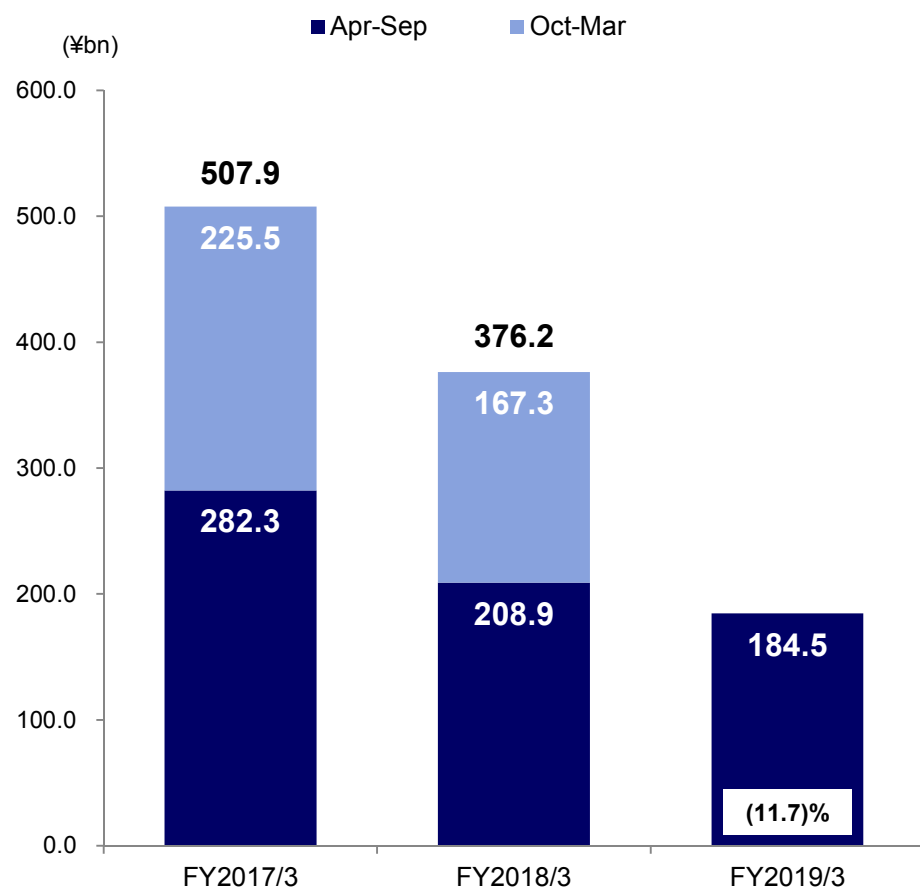
(¥bn)

Note: Only major line items are shown.

Policy Sales (1) Annualized Premiums from New Policies

Annualized Premiums from New Policies
(Individual Insurance)

Annualized Premiums from New Policies
(Medical Care)

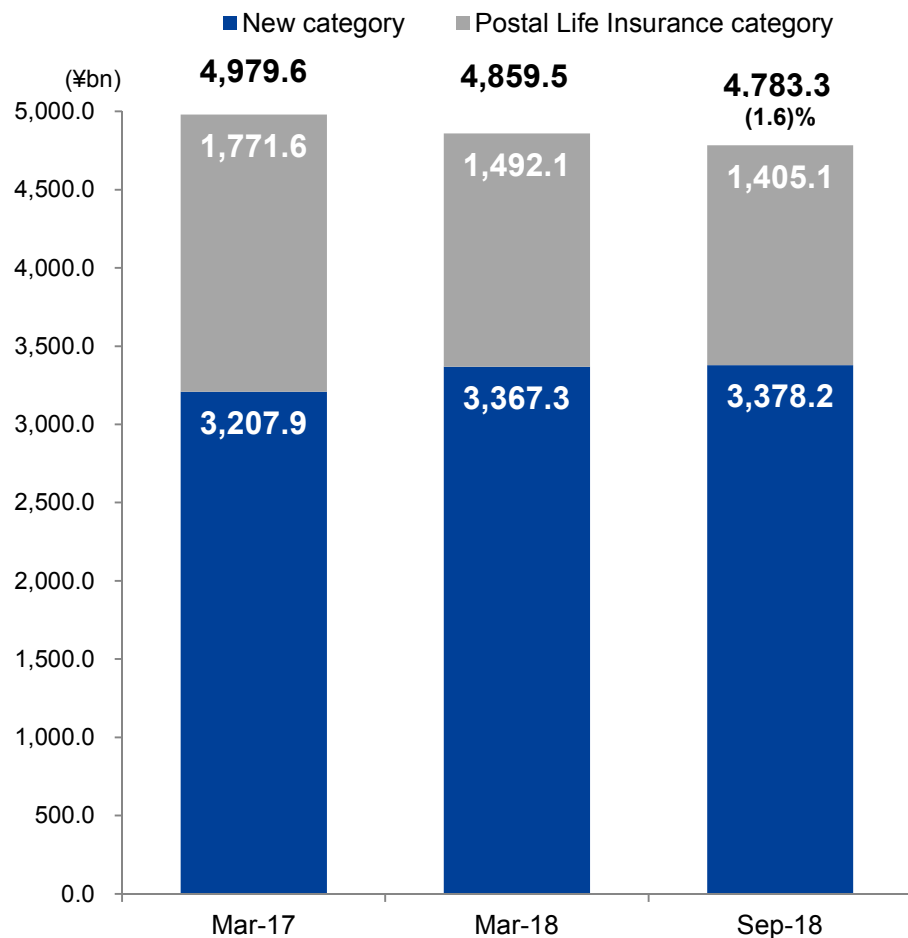


Note 1: Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period. Medical care corresponds to medical and living benefits, etc. Annualized premiums (individual insurance) include the premiums for medical care related to individual insurance.

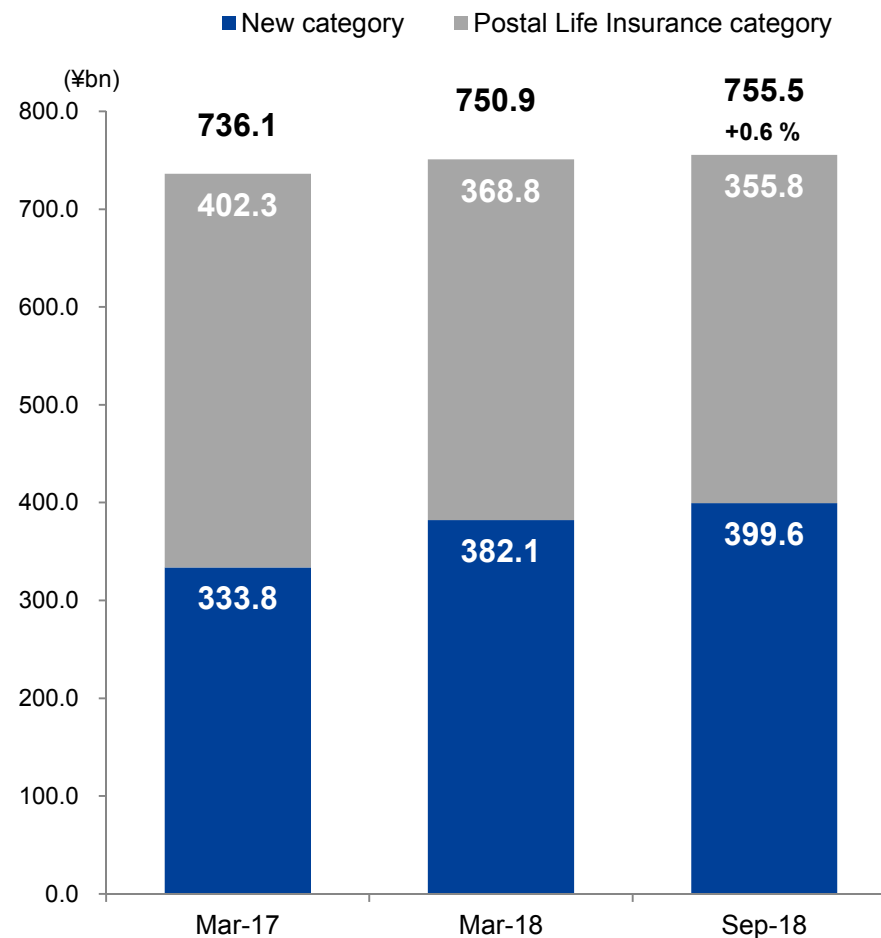
Note 2: In addition to the above, the FY2019/3 period saw a net increase of ¥3.0 billion in annualized premiums due to a switchover to the rider launched in October 2017 and an additional rider purchases.

Policy Sales (2) Annualized Premiums from Policies in Force

Annualized Premiums from Policies in Force
(Individual Insurance)



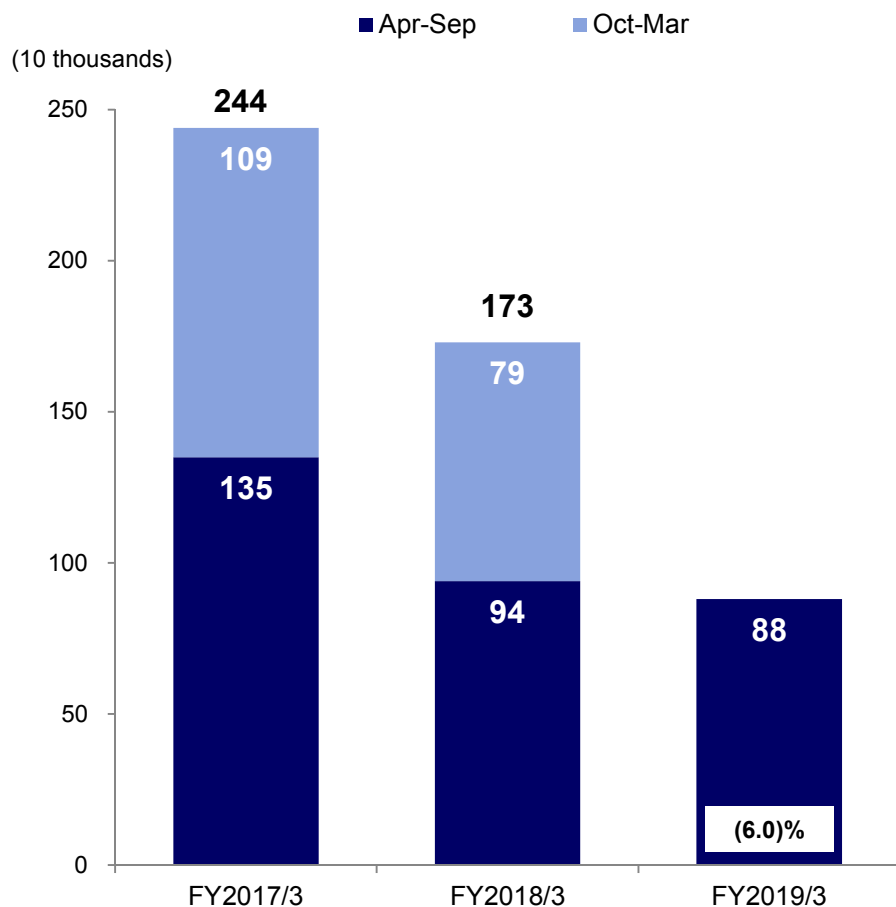
Annualized Premiums from Policies in Force
(Medical Care)



Note: "New category" shows individual insurance policies underwritten by Japan Post Insurance. The "Postal Life Insurance category" shows postal life insurance policies reinsured by Japan Post Insurance from the Management Organization for Postal Savings and Postal Life Insurance.

Policy Sales (3) Number of New Policies

Number of New Policies (Individual Insurance)



Breakdown of New Policies

(10 thousands)

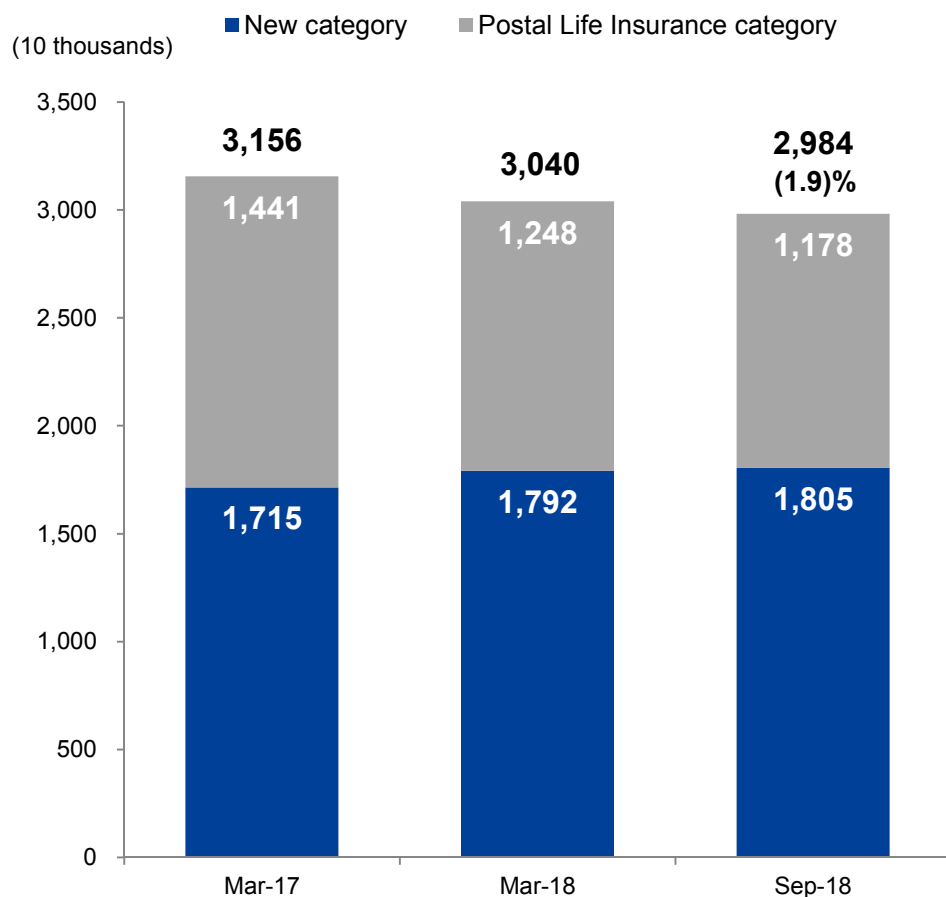
	6 months ended Sep-17		6 months ended Sep-18	
	Number of policies	Share	Number of policies	Share
Individual insurance	94	100.0 %	88	100.0 %
Endowment insurance	45	48.0 %	43	49.3 %
Ordinary endowment insurance	27	29.6 %	23	26.7 %
Special endowment insurance ¹	17	18.4 %	20	22.5 %
Whole life insurance	42	44.7 %	38	43.5 %
Ordinary whole life insurance (Fixed amount type)	16	17.8 %	12	13.7 %
Ordinary whole life insurance (Increased amount type)	18	19.1 %	21	23.8 %
Special whole life insurance	7	7.8 %	5	6.0 %
Educational endowment insurance	6	7.3 %	6	7.0 %
Other insurance	0	0.0 %	0	0.2 %

Note: Only major products are shown.

1. Increased amount type endowment insurance

Policy Sales (4) Number of Policies in Force

Number of Policies in Force (Individual Insurance)



Note: "New category" shows individual insurance policies underwritten by Japan Post Insurance.
 "Postal Life Insurance category" shows postal life insurance policies reinsured by Japan Post Insurance from the Management Organization for Postal Savings and Postal Life Insurance.

Breakdown of Policies in Force

(10 thousands)

	Mar-18		Sep-18	
	Number of policies	Share	Number of policies	Share
Individual insurance	3,040	100.0 %	2,984	100.0 %
Endowment insurance	1,257	41.4 %	1,214	40.7 %
Ordinary endowment insurance	802	26.4 %	776	26.0 %
Special endowment insurance ¹	439	14.5 %	425	14.3 %
Whole life insurance	1,296	42.6 %	1,300	43.6 %
Ordinary whole life insurance (Fixed amount type)	413	13.6 %	413	13.8 %
Ordinary whole life insurance (Increased amount type)	261	8.6 %	272	9.1 %
Special whole life insurance	621	20.4 %	614	20.6 %
Educational endowment insurance	472	15.5 %	454	15.2 %
Other insurance	13	0.5 %	13	0.5 %

Note: Only major products are shown.

1. Increased amount type endowment insurance

Investments (1) Asset Portfolio

Asset Portfolio

(¥bn, %)

	Mar-18		Sep-18	
	Amount	Share	Amount	Share
Bonds	53,395.2	69.5	51,611.9	69.0
Japanese government bonds	39,589.8	51.5	38,032.9	50.9
Japanese local government bonds	8,513.5	11.1	8,128.5	10.9
Japanese corporate bonds	5,291.7	6.9	5,450.3	7.3
Return seeking assets ¹	9,450.4	12.3	10,177.5	13.6
Domestic stocks ²	2,040.6	2.7	2,117.8	2.8
Foreign stocks ²	342.5	0.4	372.9	0.5
Foreign bonds ²	5,545.4	7.2	6,252.8	8.4
Other ³	1,521.8	2.0	1,433.9	1.9
Loans	7,627.1	9.9	7,180.7	9.6
Others	6,358.3	8.3	5,793.7	7.7
Cash and deposits, call loans	1,163.5	1.5	1,286.8	1.7
Receivables under securities borrowing transactions	3,296.2	4.3	2,405.9	3.2
Total assets	76,831.2	100.0	74,763.9	100.0

- Return seeking assets include domestic and foreign stocks, foreign-currency-denominated bonds, investment trusts, etc. held for investment purposes among the assets recorded under "money held in trust" and "securities" on the balance sheet.
- "Domestic stocks," "Foreign stocks" and "Foreign bonds" include individual stocks and bonds, as well as investment trusts that invest only in the specified assets.
- "Bank loans," "multi-asset" and "real estate fund" etc.

Investment Yield

(¥bn)

	6 months ended Sep-17	6 months ended Sep-18	(Reference) Year ended Mar-18
Positive spread	35.0	30.6	65.8
Average assumed rates of return ¹	1.71 %	1.70 %	1.71 %
Investment return on core profit ²	1.82 %	1.80 %	1.81 %
Net capital gains (losses)	(2.4)	(30.2)	(19.1)
	Sep-17	Sep-18	Mar-18
Interest rate (10Y JGB)	0.060 %	0.125 %	0.045 %
USD/JPY	¥ 112.73	¥ 113.57	¥ 106.24

- Average assumed rates of return are the assumed return on general account policy reserves.
- Investment return on core profit is the return with respect to earned policy reserves.

Investments (2) Fair Value Information of Securities

Fair Value Information of Securities

(¥bn)

	Mar-18			Sep-18		
	Book value	Fair value	Net unrealized gains (losses)	Book value	Fair value	Net unrealized gains (losses)
Total	62,919.1	70,689.5	7,770.3	61,941.9	68,750.8	6,808.9
Held-to-maturity bonds	38,490.0	44,608.7	6,118.6	37,014.4	42,335.6	5,321.1
Policy-reserve-matching bonds	10,676.3	11,769.6	1,093.2	10,538.3	11,465.0	926.7
Available-for-sale securities	13,752.7	14,311.2	558.4	14,389.1	14,950.1	561.0
Securities etc.	11,513.9	11,555.8	41.9	12,020.7	12,027.3	6.5
Bonds	4,474.1	4,508.0	33.8	4,286.7	4,297.1	10.3
Domestic stocks	180.3	190.6	10.2	226.4	231.2	4.8
Foreign securities	4,238.9	4,249.5	10.6	4,909.9	4,933.9	23.9
Other securities	2,026.5	2,011.5	(15.0)	1,879.2	1,844.8	(34.4)
Deposits etc.	593.9	596.0	2.1	718.2	720.1	1.8
Money held in trust	2,238.8	2,755.3	516.4	2,368.3	2,922.8	554.5
Domestic stocks ¹	1,407.1	1,849.9	442.8	1,437.9	1,886.5	448.6
Foreign stocks ¹	273.1	342.5	69.4	277.2	372.9	95.6
Foreign bonds ¹	323.0	326.5	3.4	376.4	385.1	8.6
Other ²	235.5	236.2	0.7	276.7	278.2	1.5

Note: This table only shows securities with a fair value. It also includes the handling of securities under the Financial Instruments and Exchange Act.

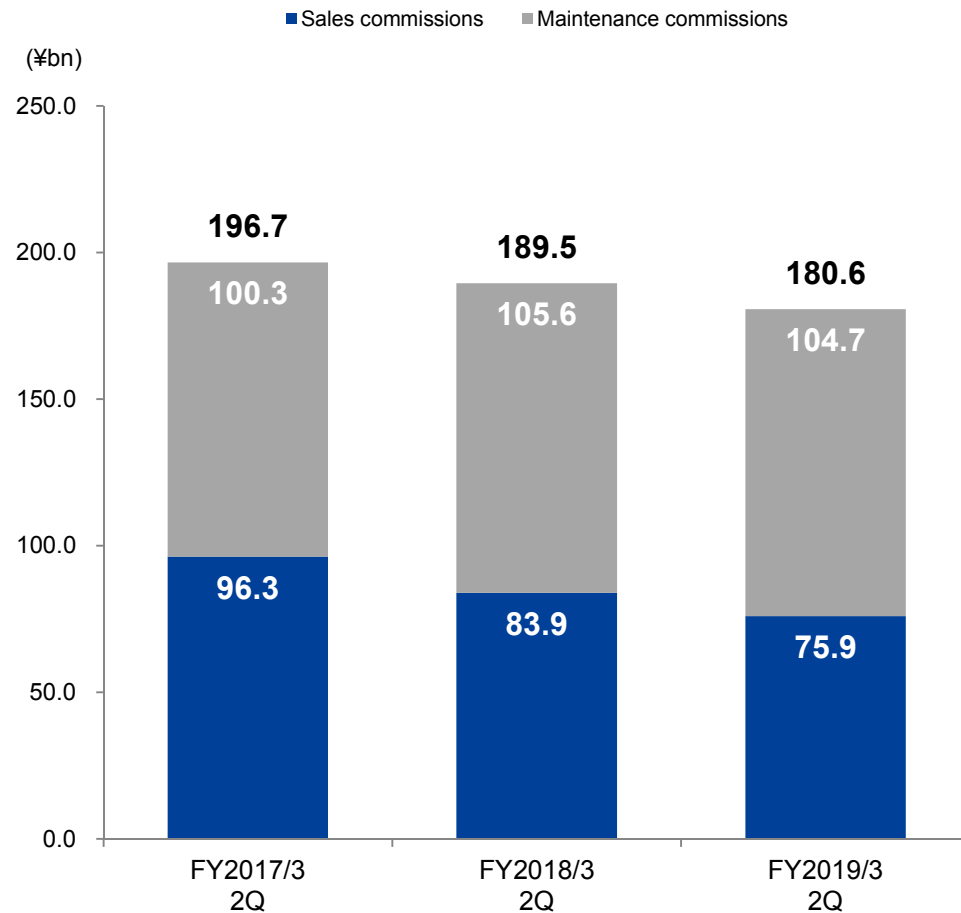
1. "Domestic stocks," "foreign stocks" and "foreign bonds" include individual stocks and bonds, as well as investment trusts investing only in the respective assets.

2. "Cash and deposits" and "bank loans" etc.

Expenses

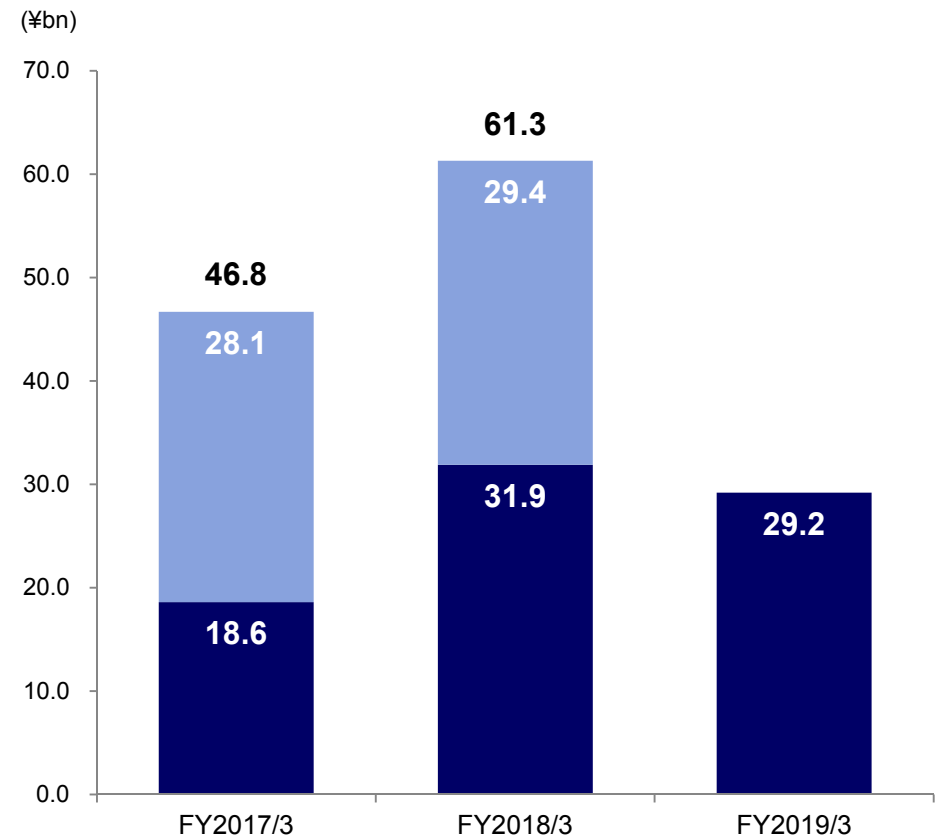
Commissions to Japan Post Co.

Operating expenses **¥278.0 bn** **¥266.0bn** **¥ 257.0bn**



Depreciation and amortization

■ Apr-Sep ■ Oct-Mar



Financial Soundness

Internal Reserves

	Mar-18	Sep-18	(¥bn)
			Provisions in the period ³
Contingency reserve	2,114.3	2,039.1	(75.1)
Postal Life Insurance category	1,665.0	1,577.8	(87.2)
New category	449.2	461.3	12.0
Price fluctuations reserve	916.7	918.6	1.9
Postal Life Insurance category	665.5	663.5	(1.9)
New category	251.2	255.0	3.8
Additional policy reserve	5,930.4	5,907.5	(22.8)
Postal Life Insurance ¹ Category	5,913.3	5,892.3	(20.9)
New category ²	17.0	15.2	(1.8)

Solvency Margin Ratio

	Mar-18	Sep-18	(¥bn)
Solvency Margin Ratio	1,131.8 %	1,107.4 %	
Total amount of solvency margin	5,595.8	5,582.3	
Total amount of risk	988.8	1,008.1	
Real net assets	12,904.8	11,891.2	

Notes: "Postal Life Insurance category" shows the amounts generated from the postal life insurance policies, and "New category" shows the figures after deduction of "Postal Life Insurance category" from the total.

1. Including the amount determined to be additionally provided over 10 years from the year ended March 31, 2011 for annuity in the postal life insurance policies (for the Six Months Ended September 30, 2018, the amount of additional provision was ¥90.5 bn and the accumulated amount was ¥1,481.8 bn).

2. The amount determined to be additionally provided in a lump sum for single-payment annuity policies among the individual annuities underwritten by Japan Post Insurance.

3. Provisions in the period includes the excess provision of ¥7.4 bn exceeding the provision requirements for contingency reserve.

Embedded Value

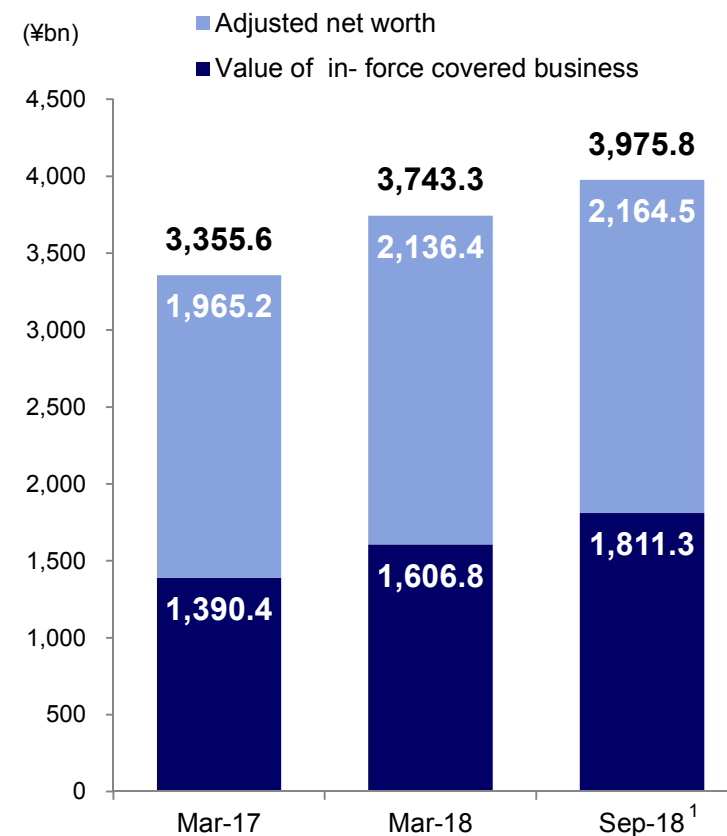
Breakdown of EV

	Mar-18	Sep-18 ¹	Change
			(¥bn)
EV	3,743.3	3,975.8	232.5 (+ 6.2%)
Adjusted net worth	2,136.4	2,164.5	28.0 (+ 1.3%)
Value of in- force covered business	1,606.8	1,811.3	204.5 (+ 12.7%)

	6 months ended Sep-17 ²	6 months ended Sep-18 ^{1,3}	Change (Year on Year)
Value of new business	102.2	131.5	29.2 (+ 28.6%)
New business margin ⁴	4.7 %	6.5 %	1.8 pt

1. Provisional calculations that have not been verified by a third party. Details on EV verified by a third party are scheduled to be announced on November 16, 2018.
2. Using the same economic assumptions as for the value of new business for FY2017/9, based on the new policies written in the period from April to September 2017.
3. Using the economic assumptions as of the end of March 2018, based on the new policies written in the period from April to September 2018.
The value of new business includes an increase or decrease due to a switchover of riders.
4. The value of new business divided by the present value of future premium income.

EV



Revisions to the Forecasts for Full-year Consolidated Financial Results and Dividends Per Share for the Year Ending March 31, 2019

Revisions to the Full-year Consolidated Financial Results Forecast

(¥bn)

	Year ended Mar-18 (Actual)	Year ending Mar-19 (Forecast)	Year ending Mar-19 (Revised forecast)
Ordinary income	7,952.9	7,580.0	7660.0 [+ 80.0]
Ordinary profit	309.2	220.0	260.0 [+ 40.0]
Net income ¹	104.4	88.0	111.0 [+ 23.0]
Net income per share	¥174.21	¥146.71	¥ 185.06 [+ ¥ 38.35]

1. Net income attributable to Japan Post Insurance

Shareholder Return Policy

Dividend policy

- Aim for a steady increase in dividends per share with a goal of achieving to deliver dividends of ¥76 per share for the year ending March 31, 2021, while considering earning prospects and financial soundness.

Revisions to the Forecast for Dividends Per Share

(Payout Ratio)

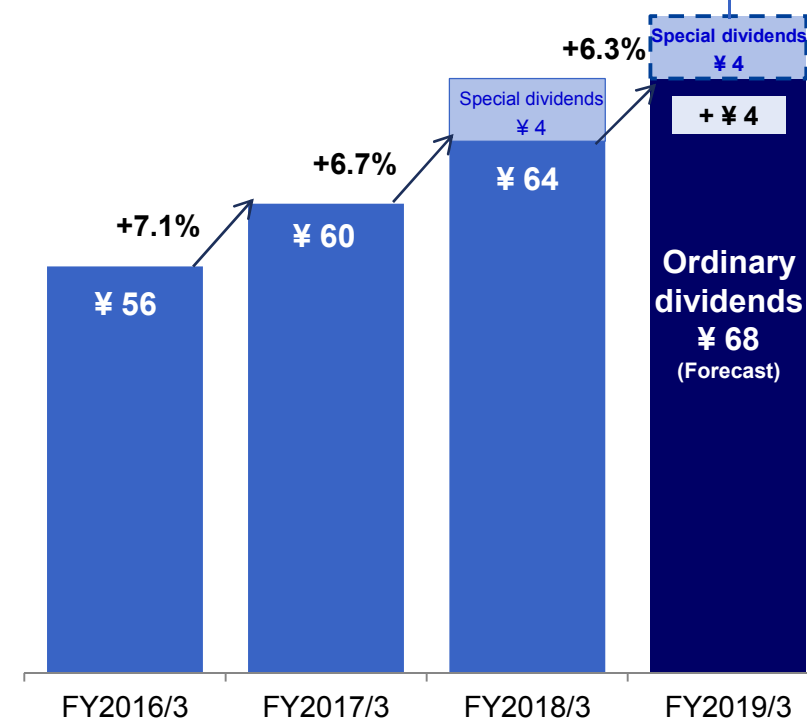
39.6 %

40.6 %

39.0 %

38.9 %

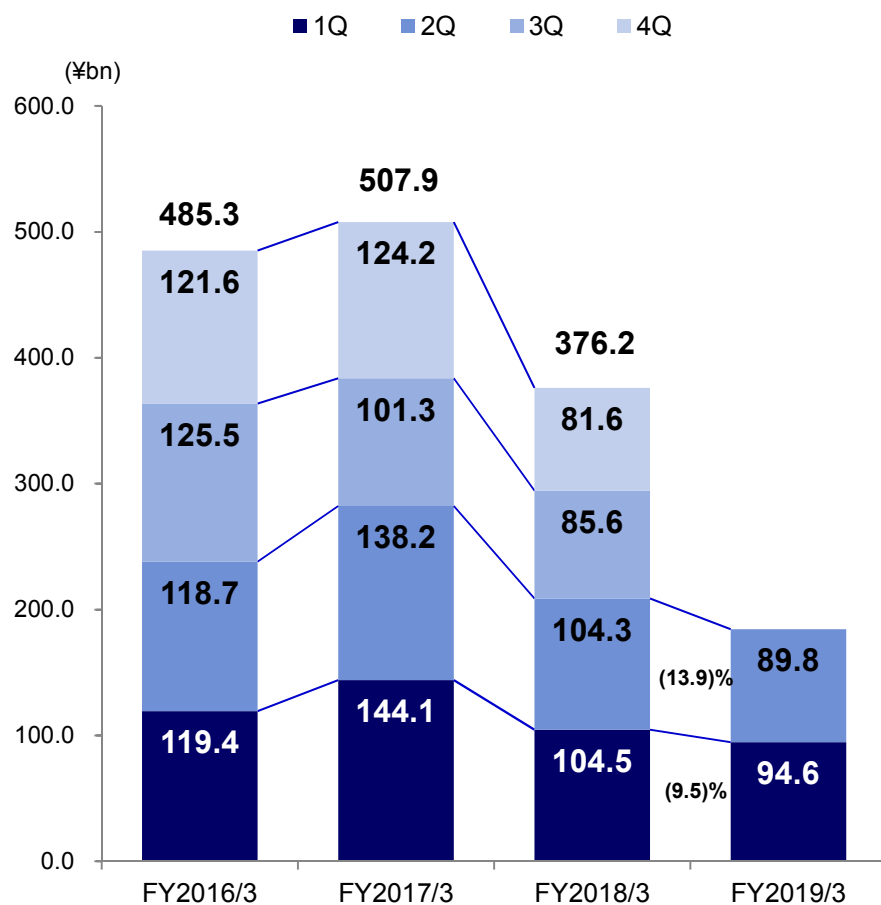
Year ending Mar-19 revised forecast
⇒ ¥72 (ordinary dividends ¥68 + special dividend ¥4)



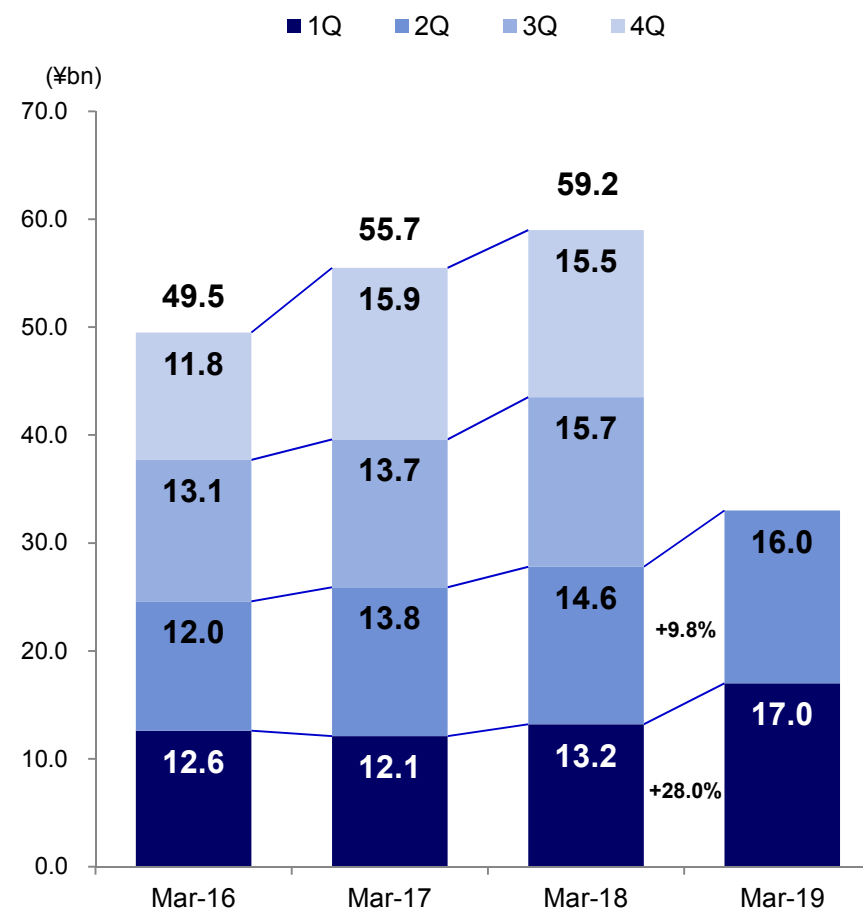
APPENDIX

Quarterly Trends in Annualized Premiums from New Policies

Annualized Premiums from New Policies (Individual Insurance)



Annualized Premiums from New Policies (Medical Care)

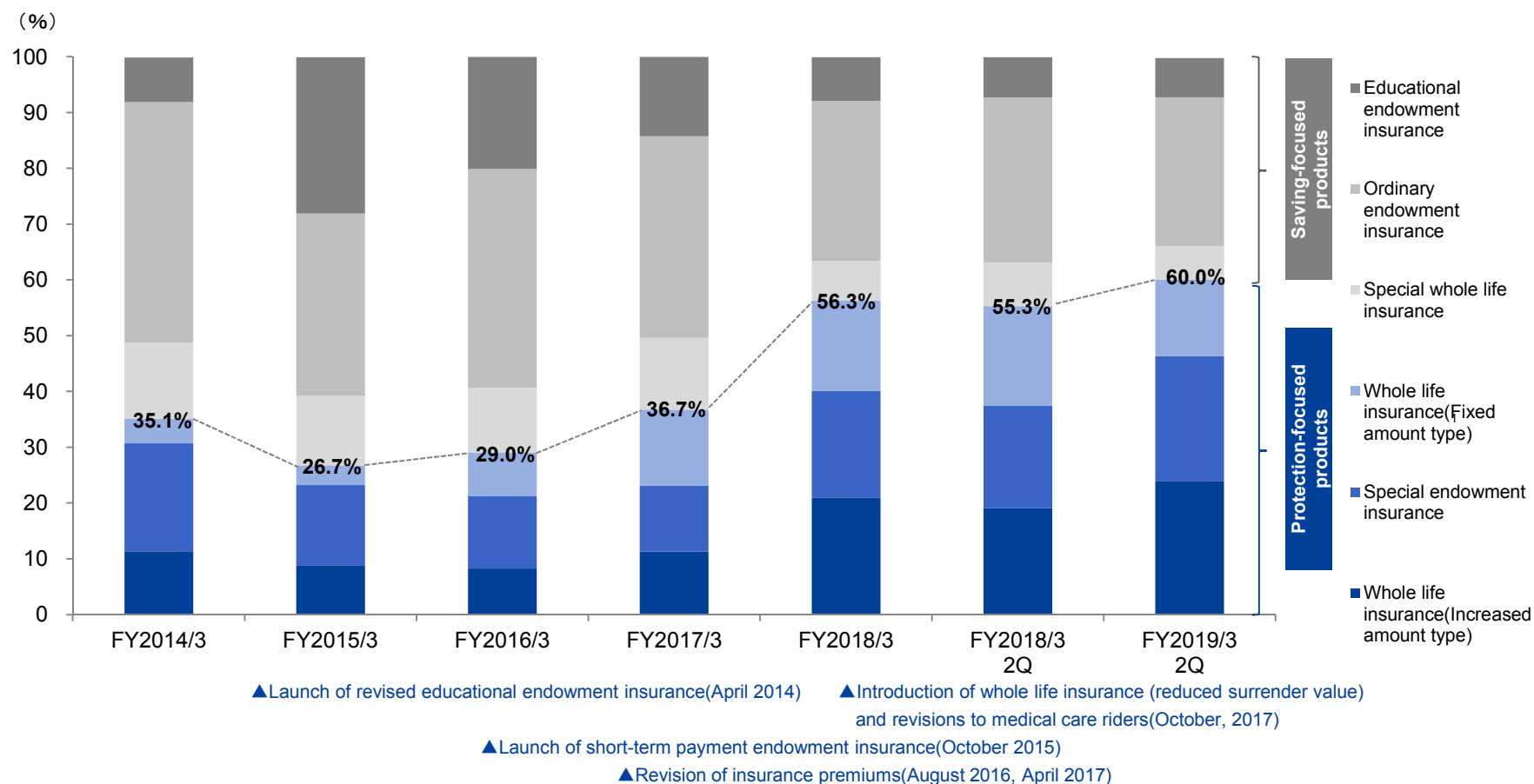


Note 1: Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period. Medical care corresponds to medical and living benefits, etc. Annualized premiums (individual insurance) include the premiums for medical care related to individual insurance.

Note 2: In addition to the above, the FY2019/3 period saw a net increase of ¥3.0 billion in annualized premiums due to a switchover to the rider launched in October 2017 and an additional rider purchase.

Share of Number of New Policies by Product

Share of number of new policies by product



Note: Only major products are shown.

1. Increased amount type endowment insurance

Interest, Dividends and Other Income and Capital gains(losses)

Interest, Dividends and Other Income

(¥bn)

	6 months ended Sep-17	6 months ended Sep-18
Investment income	640.9	618.0
Interest, dividends and other income	587.9	553.9
Interest on deposits	0.0	0.0
Interest and dividends on securities	502.3	478.7
Interest on corporate and government bonds	441.3	402.4
Domestic stock dividends	1.2	3.0
Interest and dividends on foreign securities	50.3	65.2
Interest and dividends on other securities	9.4	8.0
Interest on loans	7.0	6.9
Interest on loans to the Management Organization	75.8	64.5
Rent revenue from real estate	-	-

Breakdown of Capital gains(losses)

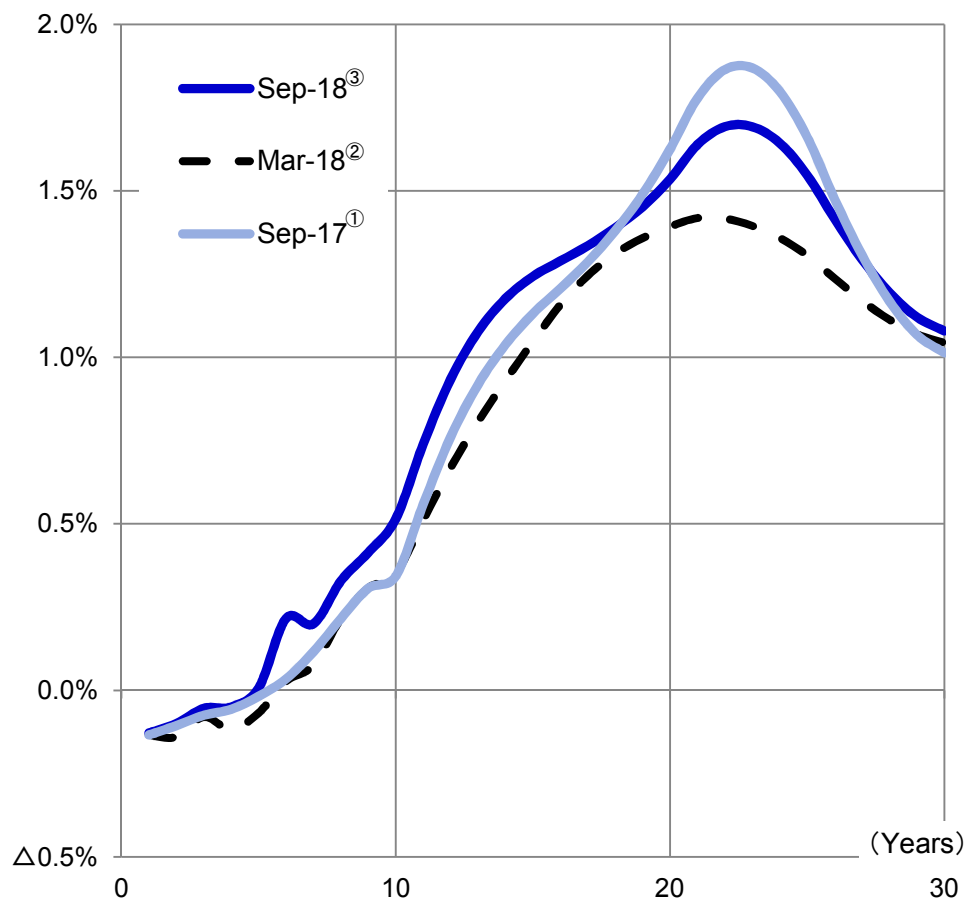
(¥bn)

	6 months ended Sep-17	6 months ended Sep-18
Capital gains	52.7	63.9
Gains on money held in trust	41.0	46.3
Gains on sales of securities	11.7	17.5
Gains on derivative financial instruments	-	-
Gains on foreign exchanges	-	-
Other capital gains	-	-
Capital losses	(55.2)	(94.1)
Losses on money held in trust	-	-
Losses on sales of securities	(18.3)	(30.4)
Losses on derivative financial instruments	(10.7)	(29.9)
Losses on foreign exchanges	(0.2)	(0.5)
Other capital losses ¹	(25.9)	(33.2)
Net Capital gains(losses)	(2.4)	(30.2)

1. Amount equivalent to income gains associated with money held in trust is recognized as "other capital losses".

Fluctuations of Interest Rates (EV Assumptions)¹

Forward Rate (Sep-17 to Sep-18)



Forward Rate

(%)	Sep-17 ^①	Mar-18 ^②	Sep-18 ^③
10 years	0.343	0.351	0.515
20 years	1.626	1.393	1.535
30 years	1.014	1.043	1.079

Note: The economic assumptions used for the calculation of EV and the value of new business are as follows.

Value of new business for 2Q of FY2018/3 : ①

EV as of the end of FY2018/3 and the value of new business for 2Q of FY2019/3 : ②

EV as of the end of September 2018 : ③

1. The interest rate (EV assumptions) used to prepare the forward rate is based on the market yields on government bonds announced by the Ministry of Finance Japan.

Figures by New and Postal Life Insurance Categories (Non-Consolidated)

		FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2018/3 2Q	FY2019/3 2Q
Total assets	¥mn	84,911,946	81,543,623	80,336,414	76,832,508	78,640,910	74,765,583
Postal Life Insurance category		61,703,013	55,832,787	51,447,550	46,684,937	48,798,069	43,076,398
New category		23,208,932	25,710,836	28,888,864	30,147,570	29,842,840	31,689,184
Number of policies in force	(000)	33,489	32,323	31,562	30,405	31,020	29,840
Postal Life Insurance category (insurance)		19,949	16,972	14,411	12,484	13,271	11,788
New category (individual insurance)		13,539	15,350	17,150	17,921	17,749	18,051
Insurance premiums and others	¥mn	5,956,716	5,413,862	5,041,868	4,236,461	2,203,556	2,040,437
Postal Life Insurance category		1,697,140	1,322,308	1,002,816	755,221	400,111	310,944
New category		4,259,576	4,091,554	4,039,051	3,481,240	1,803,445	1,729,492
Ordinary profit	¥mn	493,169	413,023	279,347	308,845	168,674	161,529
Postal Life Insurance category		377,145	258,059	185,250	137,074	73,693	65,500
New category		116,024	154,963	94,097	171,771	94,980	96,029
Net income	¥mn	81,758	86,338	88,520	104,309	51,202	68,797
Postal Life Insurance category		36,969	32,850	26,044	16,878	9,207	9,896
New category		44,789	53,487	62,475	87,430	41,995	58,901
Contingency reserve (reversal) provision	¥mn	(90,087)	(123,864)	(120,819)	(139,678)	(67,642)	(75,150)
Postal Life Insurance category		(167,144)	(171,199)	(172,881)	(173,722)	(87,379)	(87,248)
New category		77,057	47,335	52,061	34,043	19,736	12,098
Price fluctuations reserve (reversal) provision	¥mn	97,934	70,100	6,444	128,031	28,825	1,933
Postal Life Insurance category		72,126	8,957	12,625	17,090	8,102	(1,929)
New category		25,808	61,143	(6,181)	110,940	20,722	3,863
Additional policy reserve (reversal) provision	¥mn	(68,347)	(55,533)	(50,454)	(30,648)	(21,325)	(22,807)
Postal Life Insurance category		(68,347)	(55,533)	(50,454)	(47,674)	(21,325)	(20,989)
New category		-	-	-	17,025	-	(1,818)

Note: "Postal Life Insurance category" shows the amounts generated from the Postal Life Insurance policies, and "New category" shows the figure after deduction of "Postal Life Insurance category" from the total.

Key Financial Indicators

(¥bn)

	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2018/3 2Q	FY2019/3 2Q
Insurance premiums and others	5,956.7	5,413.8	5,041.8	4,236.4	2,203.5	2,040.4
Ordinary profit	492.6	411.5	279.7	309.2	168.8	161.6
Provision for reserve for policyholder dividends	200.7	178.0	152.6	117.7	68.8	63.4
Net income	81.3	84.8	88.5	104.4	51.2	68.7
Net assets	1,975.7	1,882.9	1,853.2	2,003.1	2,025.5	2,034.1
Total assets	84,915.0	81,545.1	80,336.7	76,831.2	78,639.3	74,763.9
Return on equity	4.6 %	4.4 %	4.7 %	5.4 %	-	-
Return on shareholders' equity	5.9 %	5.9 %	5.9 %	6.7 %	-	-
Dividends to shareholders	24.5	33.6	36.0	40.8	-	-
Payout ratio	30.2 %	39.6 %	40.6 %	39.0 %	-	-
[Reference] Core profit (Non-consolidated)	515.4	464.2	390.0	386.1	194.4	207.1
Core profit attributable to life insurance activities	448.4	366.8	311.4	320.3	159.3	176.5
Spread (positive/negative spread)	66.9	97.4	78.5	65.8	35.0	30.6

<Disclaimer>

The financial results forecasts and other forward-looking statements herein are based on certain assumptions deemed reasonable by Japan Post Insurance at the time of this document's disclosure. Please note that actual results may differ materially from such forward-looking statements due to various factors including changes in the operating environment, interest rates or general economic conditions or other future events and circumstances.

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